GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4209
ANSWERED ON:14.12.2001
14-POINT PROGRAMME TO TACKLE SLUMP IN THE ECONOMY
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government have formulated a 14-Point Programme to tackle slump in the economy;

(b) if so, the details thereof;

(c) whether the Government have also decided to reduce non-compulsory expenses;

(d) if so, the steps taken in this regard;

(e) whether the Government have prepared the draft of 10th Five Year Plan; and

(f) if so, the main features of the same?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): There is no such proposal. However, the Prime Minister in his address at the forty-ninth meeting of the National Development Council on September 1,2001 drew attention to some areas (14 in number) where there is need for urgent action. The trends in the economy are under constant review and policy measures undertaken as and when necessary keeping in view the broad policy objectives and emerging trends. With a view to promoting growth, the broad strategy has been enunciated in the Budget Speech for 2001-02. The budget for 2001-2002 has provided enhanced central plan outlays for key infrastructure sectors and increased emphasis has been placed on accelerating capital investment expenditure. Besides, Reserve Bank of India on thebasis of a review of macro-economic and monetary developments took certain monetary measures in October 2001 to meet credit growth and support revival of investment demand consistent with price stability. These measures included further reduction in the bank rate from 7 per cent to 6.5 per cent, rationalization and reduction in the Cash Reserve Ratio for the banking systemand reduction in the maximum interest rate chargeable on export credit by1.0 percentage point for a period of six months with effect from September 26, 2001.These specific measures to stimulate demand in the backdrop of budget strategy are expected to have a favourable impact on growth.

(c) & (d): The Government is conscious of the need for better fiscal management. With a view to achieve fiscal consolidation,the Budget for 2001-02 emphasises expenditure management through the process of bringing about structural changes in the composition of Central Government expenditure, economy in non-plan revenue expenditure while improving the quality of expenditure. To this end the Budget contains a number of initiatives which among others include restricting fresh recruitment to one per cent of total civilian staff strength, revision in user charges for services provided by the Government and its agencies keeping in view the increased cost of these services etc. Further, with a view to reduce interest burden, most administered interest rates were reduced by 1.5 per cent as of March 1, 2001. Besides, the Fiscal Responsibility and Budget Management Bill, 2000 was introduced in Parliament in December 2000. This Bill includes provisions relating to ceilings on debt, deficit and borrowing.

(e) & (f): The Tenth Five Year Plan is under preparation. However, Approach Paper to the Tenth Five Year Plan (2002-07) released by the Planning Commission has envisaged an average growth in realgross domestic product of 8 per cent per annum. To this end, the Approach Paper has envisaged a target gross investment rate (as a proportion of gross domestic product at market prices) of 32.6 per cent for the Tenth Plan. Besides, Approach Paper has also indicated reduction of poverty ratio by 5 percentage points by 2007.